(b) if so, by when Government proposes to introduce the said Bill in Parliament?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) Yes, Sir. The Group of Ministers (GoM) has approved the proposed amendments with certain modifications and the same are to be placed before the Cabinet.

Use of recovery agents by banks

379. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether the Supreme Court has reportedly said that "RBI had raised concern about the number of litigations filed against banks for engaging recovery agents who have violated the law";

(b) if so, how many cases of persistent breach of 'Guidelines of engagements of Recovery Agents' came to the notice of RBI during the last two years, till-date; and

(c) in how many cases supervisory action taken, penalties against any bank or its Directors/Officers/Agents with regard to policy, practice and procedure related to the recovery process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) Hon'ble Supreme Court, on an appeal (no.900 of 2008) filed by ICICI Bank Ltd. against the order of the Delhi High Court in respect of a case has observed that Reserve Bank of India (RBI) had expressed its concern about the number of litigations filed against the bank in the recent past for engaging recovery agents who have purportedly violated the law. RBI's letter accompanying its April 24,2008 guidelines on engagement of recovery agents, RBI stated *"in view of the rise in the number of disputes and litigations against banks for engaging recovery agents in the recent past, it is felt that the adverse publicity would result in serious reputational risk for the banking sector as a whole"*. RBI had taken this issue seriously, as evidenced by the penalty that the banks could face if they fail to comply with the guidelines while engaging recovery agents and has clarified that complaints received regarding abusive practices followed by a bank's recovery agent would invite serious supervisory disapproval. RBI would consider imposing a temporary ban (or even a permanent ban in case of persistent abusive practices), for engaging recovery agents, on those banks where strictures have been passed/penalties have been imposed by a High Court/Supreme Court or against its Directors/Officers with regard to the abusive practices followed by their recovery agents.

Further guidelines have also been issued by RBI on Fair Practice for lenders. IBA has formulated a "Model Code for collection of dues and repossession of Security". The code of Bank's commitments to customers has also been formulated by the Banking Codes and Standards Boards of India (BCSBI). All these guidelines emphasise the fact that the collection policy of the Bank should be built on courtesy, fair treatment and persuasion and the bank follow security repossession policy in consonance with Law.

RBI has reported that their data base does not generate information as called for.

Black money in FDI

380. SHRI RAMDAS AGARWAL: Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to certain news item that Black money in FDI garb may hit RBI firewall and may escape the regulator radar under RBI's liberalized remittance scheme;

(b) if so, how overseas investment are being allowed by RBI and what are the reasons of its being misused; and

(c) whether any checks are being exercised by Government agency or by the Foreign Investment Promotion Board (FIPB) on entities investing in India through the automatic route?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A Delhi newspaper carried a news report with the title **"Dark money trail runs into RBI firewall"** on 02 June, 2008. The news report also describes the stipulation by RBI that all commercial banks have to carry out a check on entities investing in India under "Know Your Customer" (KYC) norms. Foreign investments into the country are regulated under Foreign Exchange Management Act, 1999 and FEMA Regulations. Investments coming under approval route are considered by FIPB, which is an inter-ministerial body. Investments coming under automatic route are only reported to RBI *post facto*. However, any violation of the existing FDI policy would amount to a violation of FEMA provisions and, therefore, would be liable for action under FEMA, 1999.

Windfall taxes on oil refineries

381.SHRI TAPAN KUMAR SEN:
SHRI PRASANTA CHATTERJEE:

Will the Minister of FINANCE be pleased to state:

(a) whether Government would agree to impose windfall taxes on oil refineries; and

(b) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir.

(b) Ordinarily, windfall taxes are levied by the Government to extract the full value of natural resources qua owner. However, a refinery is like any other manufacturing unit where the Government is entitled to a share in the profits qua sovereign (by way of tax on profits) and not as qua owner. Therefore, there is no economic justification for imposition of any windfall or excess profit tax on the profits of manufacturing units like refinery.